(d) whether arrangements have been made by Government to ensure that consumers are not affected by VAT; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMA CHANDRAN): (a) and (b) In a Conference of State and Union Territory (UT) Finance Ministers held on 23 January 2002, the States and UTs finally decided to introduce Value Added Tax (VAT) in their respective areas with effect from 01 April 2003.

(c) to (e) The existing sales tax system in operation in States and UTs has several disadvantages, like a comparatively narrower tax base, multiplicity of rates and various types of surcharges loaded on these rates. This leads to cascading of taxes which, in turn, raises the prices of goods and commodities. Moreover, the sales tax is origin-based in nature. On the other hand, the proposed VAT system would have a wider tax base, fewer rates, agreed lists of goods and commodities subject to each rate slab and taxation of the value added component at each stage. Moreover, the proposed VAT system would be more oriented towards destination-base. Properly implemented, the VAT system is expected to benefit manufacturers, traders as well as consumers.

Winding up of Income Tax Settlement Commission

42. SHRI K. RAMA MOHANA RAO: Will the Minister of Finance be pleased to state:

(a) whether it is fact that Government are thinking of winding up of Income Tax Settlement Commission;

(b) if so, the details thereof;

(c) the reasons for winding up of the Commission;

(d) whether Government have made any alternative arrangement in lieu of the above Commission; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEEE N. RAMACHANDRAN): (a) No, Sir.

(b) to (e) Do not arise.

Financial Assistance to Gujarat

43. SHRI BACHANI LEKHRAJ: Will the Minister of FINANCE be pleased to state:

(a) the details of financial assistance given by NABARD and Financial Institutions to Gujarat during 2001;

(b) whether this assistance is very low as compared to other States;

(c) if so, the reasons therefor; and

(d) the steps being taken to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) (a) to (d) Information is being collected and to the extent available will be laid on the Table of the House.

Change of Name of CBEC

44. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to change the name of the Central Board of Excise and Customs to the Central Board of Indirect Taxes; and

(b) whether Government are considering to release one more post of Member in the CBEC exclusively for looking after the Service Tax administration and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

(b) No, Sir. However, the matter is under review of the Central Board of Excise and Customs.